

Summary of Recommendations

ENSURING A VIBRANT DOWNTOWN RETAIL DESTINATION:

A Retail Assessment and Strategy for Downtown Madison



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City of Madison, WI

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The following organizations and individuals deserve particular mention.

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Introduction

Madison's downtown retail environment is celebrated by residents and visitors alike. With its traditional storefront buildings and broad sidewalks, and its interesting and varied shops and restaurants, it offers an environment and experience that is walkable, dynamic, and idiosyncratic. It is unique in the region, and compares well with well-known urban retail districts across the country.



The City of Madison recognizes the importance of downtown retail. It is part of what makes downtown Madison a destination. It is an amenity for the City's downtown office workers. And it attracts people to live in downtown Madison.

But some concerning trends have earned the attention of the City of Madison and its downtown business community. Rents in parts of downtown have skyrocketed for retail tenants. And commercial storefronts are being converted at a steady rate from retail stores to restaurants and bars. The concern is that this process may continue, yielding a downtown entertainment district that has lost the critical mass of retail stores that make it also serve as a viable shopping destination.

These concerns motivated City leadership to initiate this retail study, the purpose of which is to propose actions that would retain and strengthen downtown Madison's vibrant retail character.

This study's title reflects its core purpose: "Ensuring a Vibrant Downtown Retail Destination: A Retail Assessment and Strategy for Downtown Madison." Its stated goal is "to learn how downtown retail can be strengthened and how

retail and related uses can increase as part of downtown Madison's economy and unique identity as a place to live, work and visit." Our collective charge is simply to position this area for ongoing and future success as a retail destination.

The study process. The City of Madison retained Tangible Consulting Services, with support from Perkins+Will, to conduct the study. Madison's Downtown Coordinating Committee, with participation from the board of the Central Business Improvement District, served as a steering committee and sounding board for the project.

Between the project kickoff meeting on June 23, 2016, and the consulting team's final presentation on November 17, 2016, the retail environment was evaluated through three distinct lenses—market analysis, retail vitality, and case studies. These analytical approaches were supported by extensive primary research that included customer and business surveys, focus groups, and individual interviews.

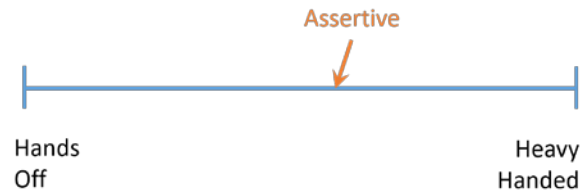
A rich array of information and analysis resulted, which provided a basis for recommendations on a broad-ranging set of strategies that have promise

for strengthening the downtown shopping environment, and retaining the place of retail stores in downtown’s retail and entertainment environment.

Findings and strategies. The study found that downtown Madison’s balance of retail stores and eating and drinking establishments is not atypical for similar storefront districts across the country. And yet it has been changing, and we found no reason to dismiss concerns that downtown shopping opportunities might continue to decline, and potentially lose its critical mass and appeal as a shopping destination.

The proposed strategies take this concern seriously. They are intentionally assertive, going beyond feel-good strategies that may have little real-world impact—while they also aim to avoid an overly prescriptive approach to downtown business adaptation and commercial development.

Strategic Balance



Some of the strategies would strengthen the retail environment through building its distinctive identity and brand, and through adding new retail stores and shopping opportunities to the environment. Other strategies address the priority of retaining the unique calling card of the area—its fine-grained store density—so that there is an ongoing critical mass of stores to attract shoppers, and the small retail floorplates which are conducive to one-of-a-kind local businesses. A third set of strategies address identified barriers to shopping downtown.

What follows. The report that follows presents the three analytical perspectives—market analysis, retail vitality assessment, and case studies. That is followed by the presentation of a set of recommended strategies. And finally, next steps are offered for moving into the implementation of priority strategies.

Recommended Policies and Strategies

The preceding analyses frame an understanding of the retail market environment in downtown Madison. The recommended policies and strategies build on that foundation, outlining a set of policies and strategies that have high potential for strengthening Madison's downtown retail for the future.

The State of Downtown Retail

Our market research, interviews, and survey findings affirm the existing strength and vibrancy of Madison's downtown retail environment. High rents and low vacancy rates are indicators of market demand. We found there is a clear and largely positive downtown retail brand image for downtown residents and workers, other Madisonians, and visitors to the City from elsewhere. What Madison offers in the Capitol Square, State Street and King Street environments measures up well against peer cities that have strong urban shopping districts. It would be the envy of many cities across the country, and it should be a source of pride for Madison residents, and for boosters of downtown Madison's amenity-rich environment.

Downtown housing, which has taken off in the last 10 years, has been a game changer. It represents a tremendous source of new energy and potential for downtown retail.

While this is a great foundation for the City of Madison to build upon, the tectonic changes that have upended historic urban retail districts have not entirely spared Madison. The downtown department stores on Capitol Square are long gone. Internet shopping has reduced or eliminated store types that were prevalent a decade or two ago. Increased demand for social venues such as bars, restaurants and coffee shops has reduced the retail store density that attracts people to an urban shopping district.

Shoppers cite parking issues, and the large numbers of loiterers and panhandlers, as barriers to spending more time in the area.

Downtown Retail Brand

Despite these changes, and an overall reduction in downtown shopping opportunities, the brand identity of Madison's retail sector has remained quite clear and positive. Downtown retail areas are considered (with some important caveats) attractive, safe, and walkable. Retail Stores are unique, interesting, and even quirky. Most are locally owned.

This brand/identity/character is the unique and precious resource that needs to be guarded and strengthened in any retail strategy. Its physical manifestation is the fine-grained pattern of commercial storefronts, fronting on both sides of the street, most notably on State Street—combined with a public realm (wide sidewalks and attractive streetscaping) that supports an active pedestrian environment.

Core Issues

Three core issues emerged from our market research and retail vitality assessment as challenges to be overcome in order to strengthen downtown retail. They relate to business mix, parking, and loitering/panhandling. Two emerging concerns are also given focus here—related to retaining small retail spaces, and local retailers—because we feel inattention to these considerations would have the potential to degrade Madison's downtown retail identity in the future.

1. Business mix. The City's careful record-keeping shows that the number of retail stores on Capitol Square and State Street has decreased over the past couple of decades. This is mostly due to a conversion of some retail stores to service businesses and food & beverage businesses. While the current mix and retail density is similar to that of the comparison shopping districts that we studied, it nevertheless represents a reduction in retail store density—which can reduce the attractiveness of the area as a shopping district.

Strategies are proposed that would preserve and encourage the retail store component of the business mix.

2. Parking. A surprising number of survey respondents cited the cost or inconvenience of parking as a barrier to shopping downtown. While there is a generally ample supply of parking, and it is available in ramps, surface lots, and on the street, the concerns need to be taken seriously.

Strategies are proposed that would improve the perception of parking availability.

3. Loitering and panhandling. Prospective downtown shoppers also cited the prevalence of loiterers and panhandlers as a significant barrier to shopping downtown. This is a complex challenge that matters for personal and community wellbeing in ways that go far beyond the impact on retail businesses. Nevertheless, it can't be ignored as an important factor in decisions about shopping downtown.

Strategies are proposed to foster more retail-compatible use of public space.

4. Erosion of storefront density, and loss of small spaces. Retail spaces are generally larger today than they were in decades past. This leads to pressure to combine State Street's small business spaces to make them more inviting to a broader cross-section of retailers, or to accommodate the needs of particular retailers. And in fact, the number of small spaces has diminished over time.

But there's a downside to this. Combining storefronts reduces the density of retail store offerings. It also degrades the small store brand of the street.

It's important to note that, while small store sizes may deter their use by certain businesses, the high rents paid for the small spaces shows that there is still strong demand for the spaces by a subset of retailers. And it biases the occupants of the retail spaces toward the type of retail stores that contribute to the State Street brand.

Strategies are proposed to preserve and increase the supply of small retail spaces.

5. Local businesses vs national retailers. National retail stores should be welcomed as part of the State Street mix (with some caveats). They can play a role in attracting shoppers to State Street. For example, they are currently strengthening State Street's identity as a place to get clothes and accessories.

However, as is the case with bars and restaurants, there is an issue of balance. A core aspect of State

Street's identity and brand is associated with its local business character, and it is important to maintain that brand identity. Moreover, national retailers will also tend to want bigger retail spaces, which undermines the retail density that makes for a great urban shopping street.

Some cities have attempted to maintain a local character through direct regulation that favors local businesses over national businesses. We favor a more market-based approach, which focuses on maintaining a retail density that is conducive to local businesses, but which allows market competition within that context to determine the exact balance between local and national retailers.

Proposed strategies focus on preserving and maintaining a mix of store sizes that includes small retail spaces.

Policies and Strategies

All of the policies and strategies suggested in this document would serve to do one of two things.

- ◆ Strengthen and support downtown Madison's retail brand and image
- ◆ Address the core issues that face the retail district

All of the policies and strategies are recommended for consideration. They will be modified, and prioritized for action, by key stakeholders such as the City of Madison, its Downtown Coordinating Committee and the Business Improvement District Board.

Summary of Recommendations

Recommended policies and strategies are presented here as a simple list. Each is presented with further description and context in the sections that follow.

State Street

RETAIL FOOTPRINT STRATEGIES

1. Establish State Street district standards for storefront density, retail mix
 - a. Restrict combining storefronts
 - b. Establish standards for new development, including requiring ground floor commercial and minimum storefront density

- c. Restrict food and beverage business expansion beyond 50% of block frontage
- 2. Encourage commercial businesses on 2nd floor, basement levels
- 3. Expand area of State Street business district, with similar development standards
- 4. Introduce micro-retail formats
- 5. Extend existing retail store presence into public areas—sidewalks, plazas, Capitol Square, Farmer’s Market
- 6. Utilize historic preservation tools to preserve historic buildings

RETAIL VIBRANCY STRATEGIES

- 1. Widen the sidewalk pedestrian zone
- 2. Distribute food carts along State Street to encourage people to walk
- 3. Elevate standards for maintaining sidewalks and bus stop areas

STRATEGIES FOR ADDRESSING BARRIERS

- 1. Loiterers and panhandlers
 - a. Utilize and activate public spaces
 - b. Visible police presence
 - c. Personal communication
- 2. Improve parking information and wayfinding
 - a. Evaluate internet information on downtown parking from a user experience perspective
 - b. Develop a downtown parking app
 - c. Incorporate parking areas in State Street district wayfinding infrastructure
- 3. Improve user experience of parking facilities
 - a. Evaluate existing parking facilities from a user perspective
 - b. Discount parking fees for retail purchases

Capitol Square

- 1. Develop a remodeling manual for retooling ground floor commercial spaces
- 2. Explore viable retail uses for existing commercial space
- 3. Experiment with creative uses of wide sidewalk space

King Street

- 1. Utilize historic preservation tools to preserve historic buildings

- 2. Restrict or prohibit combining storefronts
- 3. Set district standards for storefront density.
- 4. Encourage commercial businesses on 2nd floor, basement levels
- 5. Extend development standards to 200 block of King Street

Downtown Madison

BUSINESS SUPPORT STRATEGIES

- 1. Maintain City programs that support renovation and façade improvements
- 2. Develop a program that provides free or low-cost architectural and merchandising consultation for retail store owners
- 3. Organize a business and property owner visitation program

COORDINATION AND MARKETING STRATEGIES

- 1. Play clearinghouse and coordination roles on behalf of the business community
- 2. Undertake research in support of business community
- 3. Play a role in attracting new businesses
- 4. Advance marketing of downtown retail areas

RESIDENTIAL GROWTH STRATEGIES

- 1. Attract a more diverse household mix
- 2. Foster the development of retail that serves everyday household and personal needs
- 3. Consider adoption of an employer assisted housing program

Big Ideas

- 1. Pursue strategies that help business owners buy their own buildings, or that foster community ownership of retail buildings
- 2. Utilize public finance tools to put local businesses on an equal playing field with national retailers in new development
- 3. Create a retail laboratory

State Street

State Street is the most unique feature in Madison’s downtown retail landscape. Because of its size, and its fine-grained storefront buildings, it offers a shopping experience that is unmatched elsewhere in the metropolitan area.

Its character as a unique and engaging shopping district has persisted through changes, but it is also in need of some buttressing. Respondents to the shopper survey showed less attachment to downtown shopping than they did to other downtown attractions and events.

Maintaining and Expanding the Retail Footprint

RETAIL FOOTPRINT STRATEGIES

1. Establish State Street district standards for storefront density, retail mix
 - a. Restrict combining storefronts
 - b. Establish standards for new development, including requiring ground floor commercial and minimum storefront density
 - c. Restrict food and beverage business expansion beyond 50% of block frontage
2. Encourage commercial businesses on 2nd floor, basement levels
3. Expand area of State Street business district, with similar development standards
4. Introduce micro-retail formats
5. Extend existing retail store presence into public areas—sidewalks, plazas, Capitol Square, Farmer’s Market
6. Utilize historic preservation tools to preserve historic buildings

Policies and strategies for strengthening the State Street retail district start with expanding and enhancing the physical footprint of retail stores and goods, through adding retail stores, and finding additional ways to expand the retail presence.

It’s clear that the food and beverage businesses on State Street attract people to the area—many of whom go on to support the local retail stores. But beyond a

certain point, the dilution of retail stores on State Street weakens its appeal for shopping, which may lead to a food-and-beverage dominated district. Moreover, while restaurants and bars can proliferate in a number of areas in downtown Madison, the only part of downtown Madison that has critical mass as a shopping district is State Street.

Preservation of a strong retail presence on State Street is most directly accomplished by taking steps to add retail stores, increasing the retail store density—and to increase the presence and visibility of retail goods in the area. This will serve to make the area a more attractive shopping district.

Six strategies are proposed to maintain and expand the State Street retail footprint.

1. Set State Street district standards for storefront density, retail mix. This strategy reinforces the importance of the built environment to the retail area. The fine-grained storefront pattern is embedded in the physical dimensions of the buildings on State Street. That development mix includes narrower storefronts of 20 to 25 feet—which are naturally attractive to retail stores vis a vis restaurants and bars, and to locally created businesses rather than national retailers.

The importance of business density has been heavily affirmed by recent research, including a report titled, “Older, Smaller, Better: Measuring how the character of buildings and blocks influences urban vitality.”

This study proposes preserving that mix through prohibiting or restricting the combination of existing storefronts, and setting standards for new development. Recommended standards for new development includes providing ground floor commercial space fronting on all streets in the district. It could, for example, require at least one business storefront per 50 feet of linear frontage, of which at least 1/3 of storefronts should have a width of 25 feet or less.

A direct approach is also appropriate to the issue of business mix, especially given that bars and restaurants can thrive in a number of locations downtown.

Restricting food and beverage uses to ½ of the ground floor block frontage in the State Street business district is respectful of the current retail climate, while setting

a limit on the creeping retail conversion that could occur in the future.

2. Utilize historic preservation tools to preserve historic buildings. The City should not hesitate to pursue historic designation for buildings that deserve such status. Local historic designation is a tool for preserving buildings which work well for local, one-of-a-kind retail stores, and contribute to the overall character of State Street as a shopping destination. National designation makes financial resources available for building rehabilitation.

3. Encourage commercial businesses on 2nd floor, basement levels. One way to increase vibrancy and business density is to encourage commercial businesses on 2nd floors and in basements. Not all buildings lend themselves to this. And sometimes retail stores don't do well in those settings, but other commercial businesses may. But whether the space is occupied by a restaurant, yoga studio, or retail store, it adds additional interest and vibrancy to the district.

4. Expand area of State Street business district, with similar development standards. Existing rents on State Street are conveying the message that there's a strong demand for commercial space in the area. Expanding the State Street Business district is a way to get more of everything. The exact boundaries would need to be determined carefully, but allowing the district to extend 200 feet or so to the north along streets that intersect State Street, as appropriate, and perhaps 500 feet or more along streets to the south, would add

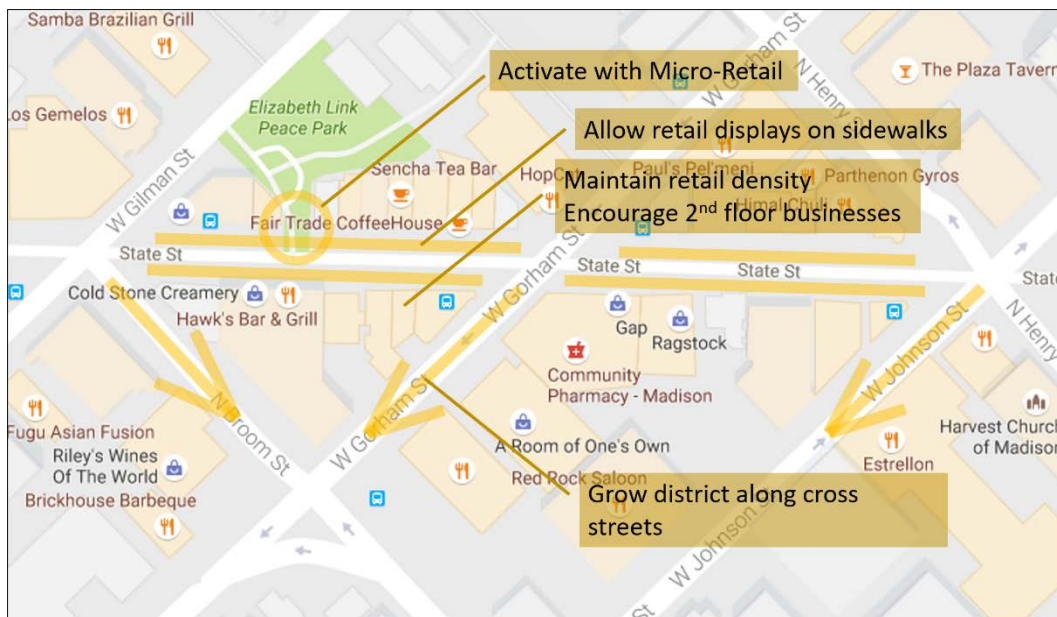
physical space, and energy, to the business district. It would invite additional investment to the area. It would provide additional opportunities for local businesses to be situated, at a somewhat lower price point (and that in turn might lower retail store rents on State Street). It could provide an outlet for the new restaurants and bars that are drawn to State Street. New development would provide additional opportunities for national retail anchors and local businesses alike.

Expectations and standards in the expanded area should be the same as on State Street, so that it serves to reinforce and expand, rather than water down, the State Street brand.

The footprint of the Business Improvement District should be expanded correspondingly.

5. Introduce micro-retail formats. Retail stores are not likely to recover commercial space from bars and restaurants very often in the current market. The economics of making that change are difficult after a commercial kitchen investment has occurred. But there is an opportunity to bolster retail density in a way that complements the bricks and mortar stores, and adds a new dimension to the State Street brand. That is through the introduction of micro-retail formats.

Retail kiosks are common in mall concourses, and there's no reason they can't be pursued in the State Street business district in a way that brings great creativity and variety to the district. Retail kiosks and carts can offer a way for Madison's artist community to have an expanded presence on State Street. Madison's



ethnic and global immigrant communities can also be welcomed into the downtown through micro-retail opportunities.

The highest priority for introducing micro-retail are the public plazas that currently serve as comfortable locations for communities of loiterers. Animating these public spaces with a dynamic purpose can offer a transformed eastern gateway to State Street.

Other opportunities for micro-retail should be considered, including retail carts on the streets and sidewalks (taking care to maintain a 10 foot minimum pedestrian zone).

Micro-retail may raise competitive concerns on the part of bricks and mortar retail stores. We would judge the brand enhancement that occurs with the increased retail density and to outweigh its competitive impact. And concerns might also be mitigated through seeking a mix of micro-retail businesses that are somewhat distinct from existing stores. Micro-retail could be introduced incrementally, so that adjustments to product types or location can be made if necessary.

6. Extend existing retail store presence into public areas—sidewalks, plazas, Capitol Square, Farmer’s Market. There’s no reason why existing retail stores should be confined to their four walls. In the same way that restaurants spill onto sidewalk seating, retailers should not be prohibited from setting up sidewalk displays of their products if that would serve their business needs.

Opportunities should be explored for bringing State Street retail stores into other areas. In fact, they could have a presence alongside the micro-retailers in public plazas along State Street. If there are no State Street retail tents in the weekly farmer’s market, that could be explored. Maybe there should be a “State Street on Capitol Square” event on an occasional basis, which brings a product mix from State Street retail stores to an arcade of retail products on Martin Luther King Boulevard, or other parts of Capitol Square.

Retail Vibrancy

RETAIL VIBRANCY STRATEGIES

1. Widen the sidewalk pedestrian zone
2. Distribute food carts along State Street to encourage people to walk
3. Elevate standards for maintaining sidewalks and bus stop areas

Many of the strategies discussed in other sections of this document contribute to retail vibrancy. The strategies proposed in this section relate to the quality of the public realm, and fostering walkability.

1. Widen the sidewalk pedestrian zone. State Street benefits from its generous sidewalk widths. In practice, however, outdoor seating at some of the restaurant spaces takes up the majority of the sidewalk width, and the pedestrian zone is restricted to a width of 6 or 7 feet.

A number of survey respondents cited pedestrian congestion, crowded sidewalks, and the pace of people walking, as a detriment to their experience. The pedestrian zone should allow for a couple to pass another couple. It should make it comfortable for a group to stop and look in a shop window without holding up people that want to walk past.

In dimensional terms, pedestrian zones should be maintained at a minimum of 10 feet, and outdoor seating reduced or reconfigured to accommodate that.

Utilization of the street itself as a pedestrian zone could also be explored.

2. Distribute food carts along State Street to encourage people to walk. People like to peruse the offerings of food carts, and that drives pedestrian traffic along a street. To encourage walking along State Street, food carts should be assigned to public spaces up and down the street (taking care to maintain a 10 foot minimum pedestrian zone), rather than concentrating them at one end of the corridor.

3. Elevate standards for maintaining sidewalks and bus stop areas. Public spaces on State Street can get unsightly and smelly overnight. These conditions were repeatedly noted in this study’s surveys and interviews as a barrier. Cleaning public spaces promptly needs to be a priority.

Addressing Barriers

STRATEGIES FOR ADDRESSING BARRIERS

1. Loiterers and panhandlers
 - a. Utilize and activate public spaces
 - b. Visible police presence
 - c. Personal communication
2. Improve parking information and wayfinding
 - a. Evaluate internet information on downtown parking from a user experience perspective
 - b. Develop a downtown parking app
 - c. Identify parking locations in State Street district wayfinding infrastructure
3. Improve user experience of parking facilities
 - a. Evaluate existing parking facilities from a user perspective
 - b. Discount parking fees for retail purchases

Some of the barriers to retail vitality on State Street are addressed through the preceding strategies. But two barriers to customer support deserve additional focused attention. They relate to the panhandling and loitering that occurs in the district, and the perception that parking is difficult.

1. Loitering and panhandling. The prevalence of loitering and panhandling on State Street and in the rest of downtown Madison is associated with complex economic issues that go far beyond a retail analysis. And the personal and societal needs implied by people who spend so much time on the street call for our compassion and response on many levels.

Having said that, it's important to acknowledge that this population has a significant impact on the attractiveness of the area to shoppers. Their impact is heightened when they are asking for money, and when they congregate in public spaces over extended periods of time. This can make State Street feel to some like a gauntlet to be run, rather than a delightful attraction. Trusting that public sector, nonprofit and philanthropic partners are working to address underlying systemic issues, this study focuses on a few direct approaches that might ameliorate these impacts.

◆ **Utilize and activate public spaces.** The Constitution guarantees freedom of assembly, so regulatory approaches to loitering have recently been struck down. We propose that public space be programmed in ways that are semi-permanent, and that advance retail goals as described above.

A gateway to State Street that is populated with micro-retail vendors will extend a more inviting welcome to shoppers than current conditions. After retail hours, the same spaces might transition to an expansion of restaurant seating for certain restaurants. It might be fun to encourage activities such as live music, karaoke, or trivial pursuit to take place in public view.

◆ **Visible police presence.** The visible presence of city police walking in the area can offer a sense of comfort and security to reluctant shoppers. Community policing strategies offer additional benefits by building relationships between police officers and the property owners, business managers, and other people who regularly spend time in the area.

◆ **Relationship building and personal communication.** While an institutional prohibition is off the table, other forms of communication should be encouraged. One to one relationship building and communication is powerful. Restaurant and store managers should build a comfort level with meeting and speaking with the people that are panhandling on their doorsteps. There's no reason not to request that the activity be moved elsewhere. One can also communicate that the business is local, and that impacts on the business are felt personally. Honest communication will result in greater empathy in both directions. And it will be taken into consideration by, and impact the behavior of, some people who make their livelihood on the street.

2. Improve parking information and wayfinding.

Parking was cited as a deterrent to shopping downtown by a third of shopping survey respondents. Building a new parking ramp would be expensive, and is not necessarily warranted, given that it is unusual for the existing parking ramps to fill up. This study focuses on less costly strategies that would improve the perception of parking ease and availability.

- ◆ **Evaluate internet information on downtown parking from a user experience perspective.** While we can't control the internet, most information on downtown parking is provided by organizations who are stakeholders in this effort. A user experience evaluation means evaluating the clarity and user-friendliness of information that is provided on downtown parking. It entails searching for downtown parking information using a range of plausible search terms, and proposing changes to the relevant websites that ensure that searches consistently lead to the highest quality information.
- ◆ **Develop a downtown parking app.** A downtown parking app could be designed that builds on a common map application platform, such as Google Maps. It might start with the user plugging in the destination. The app could show parking options on a map, offering real-time information on the number of spaces available in the parking facility. Once an option is selected, the app could revert to providing directions to the facility. The app might also

help the user find his or her way back to the facility when it's time to leave the area.

- ◆ **Incorporate parking areas in State Street district wayfinding infrastructure.** Wayfinding improvements are proposed under downtown marketing strategies below. District maps should include the location of parking facilities.

3. Improve user experience of parking facilities.

Improvements to existing facilities can make a difference in lowering their barriers to use.

- ◆ **Evaluate existing parking facilities from a user perspective.** Simple cosmetic and lighting changes can make parking facilities more attractive as a short-term parking option for people.
- ◆ **Discount parking fees for retail purchases.** People love getting deals, and they hate paying for parking. Given that the parking ramps are a publicly owned asset, they can be tailored to incentivize retail activity. A voucher system could be developed to turn store purchases into a parking discount at the parking ramp.

Capitol Square

CAPITOL SQUARE STRATEGIES

1. Develop a remodeling manual for retooling ground floor commercial spaces
2. Explore viable retail uses for existing commercial space
3. Experiment with creative uses of wide sidewalk space

Capitol Square has not weathered the changing retail landscape as gracefully as State Street. It will be challenging to restore a vibrant retail mix. Many of those challenges are physical. Streets are single loaded (businesses on only one side of the street). Sidewalks are wider than needed. And much of the ground floor commercial space was designed for a type of retailer that no longer exists—with widths, depths, and ceiling heights that don't correspond well to modern retail

typologies. Storefront density is low. Businesses such as banks, which generate little pedestrian traffic, take up large stretches of the existing frontage.

Despite its disadvantages as a retail area, the Capitol Square area is a net contributor to the downtown commercial landscape. The storefronts are occupied. They host a range of good restaurants, and some retail stores. Downtown offices, hotels and commercial businesses generate a good level of pedestrian traffic. That activates the sidewalk environment, and offers a pool of potential customers for retail stores and restaurants across downtown.

Capitol Square will not achieve the retail vibrancy of State Street. But it could contribute more to the commercial energy of downtown. The following strategies both address and take advantage of Capitol Square's unique building and sidewalk environment.

1. Develop a remodeling manual for retooling ground floor commercial spaces. The ground floor commercial space in Capitol Square buildings is often too large to be attractive to retail businesses. An architectural evaluation of those spaces could explore designs for remodeling the spaces. It would identify some of the commercial space formats that are common in Capitol Square buildings, and present options for remodeling the spaces so that they would be more attractive for retail tenants. Options could include approaches to reducing the depth of spaces, and dividing large commercial storefronts into multiple retail spaces.

2. Explore viable retail uses for existing commercial space. A different approach to the large ground floor commercial spaces in Capitol Square buildings is to recognize that the growth in the downtown residential market may have restored their retail viability to some extent. There may once again be demand to support mid-sized retail stores on Capitol Square. Of particular interest would be clothing stores (such as Kohl’s) or general merchandise stores (such as Target) that might meet the everyday needs of downtown households.

Capitol Square retail space may also be suitable for a new retail destination. Examples might include:

- ◆ An indoor **public market** would be a great complement to Madison’s famous Farmer’s Market. It would be a 4-season downtown draw, and would complement the cluster of specialty food businesses downtown.
- ◆ A **retail bazaar** focused on the local art or ethnic/international communities (or both) could be situated in a mid-sized Capitol Square commercial space. It would offer another opportunity for micro-retailers.
- ◆ A **retail laboratory** could be set up to conduct action-oriented retail research and experimentation, and/or provide space for pop-up retailers. This is discussed in more detail below.

3. Experiment with creative uses of wide sidewalk space. The expansive width of Capitol Square sidewalks affords an opportunity for playful experimentation. The sidewalks can host special events, micro-retail kiosks, or kiosks that serve as an extension of State Street retail stores. For example, if there is a Farmer’s Market on Martin Luther King Jr Boulevard on Wednesdays, perhaps there is a “State Street on the Square” day on Martin Luther King Jr Boulevard on Thursdays.

King Street

KING STREET STRATEGIES

1. Utilize historic preservation tools to preserve historic buildings
2. Restrict or prohibit combining storefronts
3. Set district standards for storefront density.
4. Encourage commercial businesses on 2nd floor, basement levels
5. Extend development standards to 200 block of King Street

The 100 blocks of King Street and East Main Street lack the size and critical mass of State Street, yet they have a similar vibrancy. This is in large part due to their intact heritage of fine-grained historic storefront buildings. Maintaining the vibrancy of these blocks is closely associated with preserving the distinctive

building fabric. Policies and strategies that advance this objective are similar to those for State Street.

1. Utilize historic preservation tools to preserve historic buildings. The City should not hesitate to pursue historic designation for buildings that deserve such status. Local historic designation is a tool for preserving buildings which work well for local, one-of-a-kind retail stores, and contribute to the overall character of State Street as a shopping destination. National designation makes financial resources available for building rehabilitation.

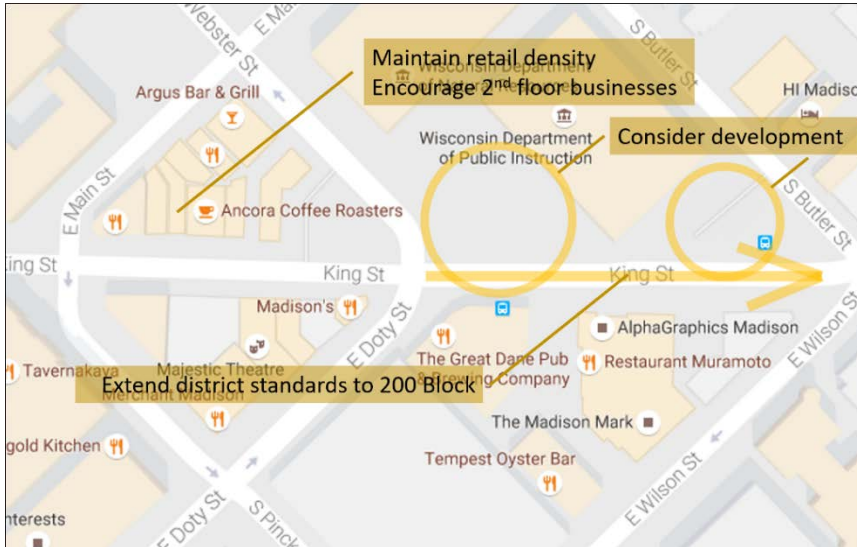
2. Restrict or prohibit combining storefronts. The fine-grained business fabric is part of King Street’s unique character.

3. Set district standards for storefront density. The standards proposed for State Street would be

applicable here as well. They could call for new development to provide at least one business storefront per 50 feet of linear frontage, of which at least 1/3 of storefronts shall have a width of 25 feet or less.

4. Encourage commercial businesses on 2nd floor, basement levels.

Commercial businesses on 2nd floors and in basements increase the interest and vibrancy of the area, whether the space is occupied by a restaurant, yoga studio, or retail store.



5. Extend development standards to 200 block of King Street. We encourage extending King Street development standards to the 200 block of King Street, so that future changes on that block work toward extending the character of the district.

This would result in maintaining a minimum storefront density, if additional development occurs on the south side of the street. On the north side of the street, the City might consider whether new storefront development, compatible with the 100 block of

King Street, might benefit the City of Madison more than the existing public plaza.

Downtown Madison

The policies and strategies that follow are broadly applicable to the downtown retail environment. They are not focused on a particular geographic area.

Business Support

The premise of these strategies is that it is worth marshalling and organizing resources to give every retail merchant the tools and resources that support him or her in running a financially successful business.

The City of Madison has a strong foundation of programs and support services, which can be utilized by downtown retailers. But there are opportunities to enhance these offerings in ways that are particularly supportive of retail store businesses.

1. Maintain City programs that support renovation and facade improvements. Madison’s Retail Improvement Grant Program, and Façade Improvement Grant Program, are effective mechanisms for supporting renovations and façade upgrades. The Retail Improvement Grant Program gives priority to retail stores on State Street.

2. Develop a program that provides free or low-cost architectural and merchandising consultation for retail store owners. One barrier to upgrading retail space is lack of knowledge about how to proceed. Developing a renovation plan for a business is itself a cost. Providing low-cost architectural expertise can pay big dividends by leading to building improvements. The architectural consultant can work with the business and/or building

owner to define an appropriate renovation and estimate its cost.

BUSINESS SUPPORT STRATEGIES

1. Maintain City programs that support renovation and façade improvements
2. Develop a program that provides free or low-cost architectural and merchandising consultation for retail store owners
3. Organize a business and property owner visitation program

Merchandising means arraying and displaying store products so that they are more appealing to shoppers, when viewed through the shop window, or from the store interior. It can encompass interior painting, decorating, and displays. Merchandising improvements can be low-cost interventions compared with building renovations. But they can have an outsized impact on drawing more customers into the store, and increasing sales. Consideration should be given to providing free or low-cost merchandising consultation to business owners.

3. Organize a business and property owner visitation program. The communication that occurs in visitation programs gives a business or property owner a sense of support, and it can build a collaborative spirit around district-wide activities. It is also a cost-effective means of making business and property owners aware of the range of programs and services that may be beneficial to them. In addition to the programs described above, Madison undoubtedly has a range of technical assistance resources that can guide business owners in their business development, staffing, accounting, marketing, and other aspects of business management.

A visitation program could be staffed in various ways, including with the staff of the City of Madison, its downtown business organizations, and/or technical assistance providers.

Some properties on State Street are seen as lagging with respect to their upkeep and appearance. In these instances, it may be helpful to have peer participation in the visitation, involving other members of the business and property owner community. The encouragement of peers can be a powerful motivator.

Business District Coordination and Marketing

There is a range of coordination and marketing activities that can benefit the downtown Madison retail community. The strategies outlined below represent some logical next steps that can be considered.

The organizational landscape is a little complex. There are several organizations whose purview is related to downtown Madison’s business community. With clearly defined roles, that’s not necessarily a problem. The Central Business Improvement District is mature organization, with capable leadership. So it the natural candidate for undertaking many of these responsibilities, and for playing a core coordinating role. But certain strategies and tasks could certainly be undertaken by other entities—such as Downtown Madison Inc., or the Greater State Street Business Association—if desired. The strategies that follow do not specify a lead organization.

COORDINATION AND MARKETING STRATEGIES

1. Play clearinghouse and coordination roles on behalf of the business community
2. Undertake research in support of business community
3. Play a role in attracting new businesses
4. Advance marketing of downtown retail areas

1. Play clearinghouse and coordination roles on behalf of the business community. This role can encompass a range of activities.

- ◆ There is great value in simply maintaining an **up-to-date business inventory** in the downtown retail areas.
- ◆ A business community organization should serve as a clearinghouse in **disseminating information** from various sources that are of interest to the business community as a whole.
- ◆ A business community organization should promote the **coordination of business hours**. This would benefit the district by giving shoppers confidence that stores will be open when they choose to come downtown.

2. Undertake research in support of the business community.

A number of ideas came up in local interviews for advancing business goals through information development.

- ◆ Those who market the area to prospective businesses lack important information on pedestrian traffic. We recommend conducting **pedestrian counts** at key intersections every few years.
- ◆ Maintaining current **market information** supports business recruitment, and it supports efforts to market the area.
- ◆ As the number of people living downtown grows, the potential customer base for businesses becomes more diverse. **Developing customer profiles** that indicate likely shopping habits can inform business plans and support retail growth.

3. Play a role in attracting new businesses. Business organizations can play a meaningful role in the recruitment of new businesses that are compatible with the existing and desired character of the area. Potential roles include the following.

- ◆ Business organizations can **keep collective objectives in the conversation** through consistent communications with developers and stakeholders. This includes engaging in conversations about how the desired business mix bears on the development or tenancing of specific properties. This is a communication role, not a gatekeeper role. But its importance should not be underestimated.
- ◆ An **information piece for prospective retailers** should be developed which assembles the current market and other information that is most commonly of interest to prospective businesses that are evaluating a site.
- ◆ Consideration could also be given to engaging in **business recruitment** more directly. A downtown business organization could engage the services of a retail oriented broker to recruit businesses that would contribute to the desired business mix. This occurs in some of the comparison retail districts studied in this project.

4. Advance the marketing of downtown retail areas. A range of strategies should be considered, including the following.

- ◆ **Wayfinding and signage.** Design and implement wayfinding system, including mall-style physical business directories at multiple locations on State Street.
- ◆ **Downtown residents.** Create and distribute electronic or physical welcome packages for all new downtown residents.
- ◆ **Downtown event-goers.** Review the existing marketing mechanisms at the Convention Center and other downtown attractions. Take steps to strengthen this marketing.
- ◆ **Buy local.** Participate in a Madison-wide “Buy Local” campaign.
- ◆ **Message promotion.** Search out and promote positive stories about downtown retail.
- ◆ **Downtown visitors.** Undertake an assertive marketing effort to capture back downtown visitors after improvements are made that address barriers related to parking and loiterer.

Downtown Housing

RESIDENTIAL GROWTH STRATEGIES

1. Attract a more diverse household mix
2. Foster the development of retail that serves everyday household and personal needs
3. Consider adoption of an employer assisted housing program

The growth in the residential population downtown is a game changer for the Madison’s downtown retail environment. It represents an expanded market for existing retail businesses, and it provides support for new types of retail goods and services that may not have been viable in the past. Continued growth should be supported through land use and zoning policies, and through encouragement of the development community. The following policies and strategies would advance downtown residential growth.

1. Attract a more diverse household mix. Most of the recent residential development is designed for students and young professionals. Strengthening the presence of older households will increase household expenditures, and it will encourage retailers to provide goods and services of interest to a broader market.

Madison leadership should reach out to developers that focus on other demographics. Empty nesters and retirees, in particular, may be a suitable target for residential outreach.

Attracting an older demographic mix means building a different product. Older households are typically looking for more bedrooms, and more living room space to host guests, in comparison to young professionals. They also are more likely to find condominium buildings attractive.

2. Foster the development of retail that serves everyday household and personal needs. One of the limiting factors in promoting downtown Madison as a place to live is the scarcity of everyday retail businesses. While there are plenty of options for eating out and buying gifts, it's harder to find regular clothes, home furnishings and cookware, electronics, office supplies, and a range of other general merchandise.

Attracting a greater range of everyday goods and services is critical to encouraging more households to make the move downtown. Some cities have gone so far as to subsidize the construction of some key

downtown retailers (such as a general merchandise store like Target) in recognition of their role in attracting downtown population.

3. Consider adoption of an employer assisted housing program. Employer assisted housing offers incentives for employees to live near their work. It's a win-win-win. Employers benefit from reduced tardiness and turnover. Employees benefit through ease of commutes, and the environment benefits because reduced travel means less carbon dioxide and contaminants in the atmosphere.

The most common form of the program is the provision of downpayment assistance for purchase of a home if it is within a certain distance of the workplace. Employer assistance is often matched by the local government, and in some cases by a third party.

Given downtown's job base, an employer assisted housing program that is subscribed to by downtown employers would be a demand booster for downtown housing.

Big Ideas

BIG IDEA STRATEGIES

1. Pursue strategies that help business owners buy their own buildings, or that foster community ownership of retail buildings
2. Utilize public finance tools to put local businesses on an equal playing field with national retailers in new development
3. Create a retail laboratory

The strategies in this section are seen as bigger undertakings. They are offered for consideration because they have the potential to change the retail landscape in creative or impactful ways.

1. Pursue strategies that help business owners buy their own buildings, or that foster community ownership of retail buildings. Direct ownership of buildings by retail business owners is a mechanism promoted by the Institute for Local Self-Reliance to buffer local business owners from market-driven rent increases, and thus maintain a concentration of local

businesses. But it can be a challenge for a business owner, who may have a lot of resources tied up in inventory and working capital, to find additional resources to purchase his or her building. Public sector grant programs can be established to assist interested business owners, if this is seen as a priority. Or an intermediary organization can play a role, perhaps by acquiring the property, and then establishing a lease-to-own contract with the business owner.

Community ownership models are also entering the retail landscape. A community-based entity can be capitalized through community shareholders, with possible additional support from foundations or a kickstarter campaign. Once formed and capitalized, the community-based entity can pursue and purchase property like any other entity, and then lease the property to businesses that further the goals and objectives of the community.

Given the importance of State Street and the broader downtown Madison retail environment, there may be

support for a community-based ownership entity in Madison to participate in downtown retail property ownership, and lease space in accordance with community and city goals for downtown retail.

2. Utilize public finance tools to put local businesses on an equal playing field with national retailers in new development. Lenders—who provide construction and permanent financing to developers—have an enormous impact on the shape of new development through their loan requirements. Lender requirements push developers of mixed use buildings toward large ground-floor spaces and national retailers. They simply see those tenants as a safer bet, even though national chains don't always pay higher rents than local businesses.

One way to take the pressure off developers is to fashion a rent guarantee for new development that leases to small or local businesses. This could be

backed by a tax abatement, or other public finance mechanism, which would come into play only if and as needed. In cases where rents pan out as estimated, the financial contribution to a project would be low.

3. Create a retail laboratory. A retail laboratory could be set up to function as a clubhouse and resource library for business owners, to conduct action-oriented retail research and experimentation, and/or provide space for pop-up retailers. Retail today is less about purchasing the good and more about the social experience. A lab space could experiment with and showcase what new retail stores will look like in the near future. And a partnership with the University of Wisconsin Business School could add vitality to Capitol Square. This kind of future-oriented enterprise is in keeping with Madison's long-term destination retail success. Additional ideas for a retail laboratory are offered in an appendix below.